

Message Text

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12

ACTION EA-10

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E.O. 11652: N/A

TAGS: BTIO, KS

SUBJECT: INVESTMENT OPPORTUNITY: TONGKOOK TRADING CO. SEEKS
U.S. PARTNER IN MANUFACTURE OF POLYESTER YARN

1. MR. H. K. LEE, MANAGING DIRECTOR, TONGKOOK TRADING CO., LTD. (WTDR: UNDER PREPARATION) CALLED ON THE EMBASSY TO SEEK ASSISTANCE IN LOCATING COMPETENT U.S. POTENTIAL BUSINESS PARTNERS SUCH AS DU PONT, FOR A PROPOSED 51-49 JOINT VENTURE TO MANUFACTURE POLYESTER YARNS.

2. THE PRODUCTION CAPACITY WOULD BE 20 TO 30 METRIC TONS PER DAY OR 600 TO 900 METRIC TONS MONTHLY, MOST OF WHICH WOULD BE FOR THE FIRM'S DOWNSTREAM USE. THE REMAINDER OF PRODUCT WOULD BE FOR SALE DOMESTICALLY. MR. LEE STATED THAT POLYESTER YARN HAS BEEN IN CRITICALLY SHORT SUPPLY, AND IS AN ESSENTIAL INPUT FOR FIRM'S PRODUCTION AS WELL AS FOR OTHER FIRMS IN THE KOREAN TEXTILE AND GARMENT INDUSTRIES.

3. MR. LEE FURTHER STATED THAT THE ABOVE PROPOSED VENTURE WILL CALL FOR THE IMPORTATION OF CAPITAL EQUIPMENT AND RAW MATERIAL. HE STATED THAT IF SUCCESSFULLY NEGOTIATED, IT WOULD BE THE FIRST U.S.-KOREA JOINT VENTURE IN THE NATIONAL TEXTILE INDUSTRY WHERE THERE ARE A NUMBER OF KOREAN-JAPANESE JOINT VENTURES.

4. MR. LEE STATED HE WILL ATTEMPT TO CALL ON SEVERAL REPUTABLE U.S. MANUFACTURES SUCH AS DU PONT DURING A VISIT HE PLANS TO THE U.S. IN EARLY AUGUST. EMBASSY WILL SUBMIT UNCLASSIFIED

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MR. LEE'S ITINERARY AS SOON AS IT BECOMES AVAILABLE.

5. TONGKOOK TRADING CO., LTD. WAS ESTABLISHED 1965; IS CAPITALIZED AT WON 160 MILLION; HAS 1,328 EMPLOYEES (BESIDES

1,270 WORKERS EMPLOYED BY ITS CONTRACTORS); MANUFACTURES AND EXPORTS KNITTED FABRICS, WOVEN FABRICS, EMBROIDERED FABRICS, GARMENTS; AND IMPORTS NYLON, PLYESTER, ACETATE AND VISCOSE YARNS. MR. LEE CLAIMS THAT DURING 1974 TONGKOOK EXPORTED \$20 MILLION WORTH OF THE ABOVE PRODUCTS AND THAT THE FIRM IMPORTED \$14 MILLION WORTH OF YARNS, CHEMICALS, AND MACHINERY.

6. MR. YOUNG-KI PAIK, PRESIDENT OF THE SUBJECT FIRM, REPORTEDLY CONTROL (80 PCT) OF THE FIRM'S TOTAL SHARES. IN ADDITION MR. PAIK CONTROLS SIX AFFILIATED COMPANIES LOCATED IN THE SEOUL AND TAEGU AREAS.

7. PER MR. LEE'S REQUEST, THE EMBASSY SUGGESTS THAT COMMERCE DISTRIBUTE THIS MESSAGE TO A LIMITED NUMBER OF U.S. FIRMS WHICH MIGHT BE INTERESTED, SINCE HE DISAGREES FOR A PUBLICATION.

8. INTERSTED U.S. FIRMS SHOULD DIRECTLY CORRESPOND WITH:

H. K. LEE MANAGING DIRECTOR TONGKOOK TRADING CO., LTD.
CPO BOX 1726, SEOUL 100, KOREA
TELEPHONE: 76-1664 CABLE: TONGTRA SEOUL TELEX: TONGTRA
K28304
SNEIDER

UNCLASSIFIED

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